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BTC/USD



05:02
\$8,646.31

Low
\$8,590.93

High
\$10,130.6

Marketcap
\$146.20B

BITCOIN OP-ED JANUARY 25, 2016 18:54

How China's Plans to Launch Its Own Currency Might Affect Bitcoin



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China's central bank, the People's Bank of China (PBOC) has revealed that it is in discussions to launch its own digital currency. What does this mean for Bitcoin?

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Trending

A **statement** by the PBOC about **issuing its own digital currency** is making its way around the globe and has people wondering about the consequences.. Here are some of the major points:

PBOC is Partnering with Major Institutions

In the story, it's stated that this is a partnership with Citibank and Deloitte & Touche to determine the best way to build and issue the digital currency. This is a huge move by all parties as they could create a large global economic force. It started back in 2014 with research into how to build and issue the currency and they explored "related business operations, key digital currency technologies, environments for the issuance and circulation of digital currencies." Now it appears the work is done and they are ready to move into the design phase.

Why is China doing this?

From the statement, it is clear the PBOC understands the digital global landscape and how the emergence of new technologies will shape the future. This move seems to be an attempt to become the reserve currency of the new digital world.

The PBOC states:

...Under China's new economic normal, the exploration of the issuance of digital currency by the central bank has positive practical significance and far-reaching historical significance. The issuance of digital currency can reduce the significant costs of issuing and circulating traditional currencies, improve the convenience and transparency of economic transactions, reduce money laundering, tax evasion and other criminal acts, enhance the central bank's control of over the money supply and currency circulation, better support economic and social development and aid in extending financial services to under-served populations.

Going forward, the establishment of a system for issuing and circulating a digital currency will help China build an entirely new financial infrastructure, further improve China's payment systems, improve payment and settlement efficiency and promote increased overall economic quality and efficiency.



Ripple CEO: Cryptocurrency Market Has 'Outsized' Reaction to SEC Announcement



Bitcoin Briefly Drops to \$9,000: Factors Behind the Decline



Bitcoin Dips Below \$9,500 Briefly, Market Recovers as Binance Hack Refuted



Binance CEO: All Irregular Trades Reversed, Hackers Lost Coins

There you have it. This is the exact opposite of what digital currency was supposed to be. When **Satoshi** released Bitcoin, I wonder now if he knew this would be the outcome. This looks like a push towards a cashless one-world currency reminiscent of the book of revelations. All that is missing is QR codes tattooed on the backs of our hands.

What does this mean for Bitcoin?

This announcement will likely shake the foundations of the bitcoin community and will likely spark a huge concern over the future of the largest network on earth. While technical details are lacking, the implications could be dire. Here are a few of my major concerns.

1. China Controls a Large portion of the network

This point is very critical. If the Chinese adopt the SHA-256 algorithm the consequences to bitcoin would be drastic. It is estimated that the top 4 Chinese Bitcoin pools control 30% of the bitcoin network. Other estimates assume between 40-60% of the network is Chinese miners. If those miners quit mining bitcoin the network could stall and blocks may never move.

2. Chinese Exchanges

BTCC (bitcoin china) literally controls the bitcoin market. In this image captured from the website on 1/20/2016 at 19:40 UTC, you can clearly see that nearly $\frac{3}{4}$ of the Bitcoin volume occurs on this exchange. If these trades were to stop the market would implode.

Price Ticker

	Last Price	24 Hour High	24 Hour Low	Last Bid	Last Ask	24 Hour Volume
BTCC	¥2,752.00	¥2,768.00	¥2,490.22	¥2,751.92	¥2,752.00	873,274.0081
Bitstamp	¥2700.77 (\$410.29)	¥2731.78 (\$415.00)	¥2452.22 (\$372.53)	¥2695.64 (\$409.51)	¥2700.71 (\$410.28)	822,036.4953
BTC-E	¥2705.88 (\$411.07)	¥2763.22 (\$419.78)	¥2470.94 (\$375.37)	¥2706.44 (\$411.15)	¥2705.88 (\$411.07)	813,628.4766

Screenshot of BTTC volume 1/20/2016

3. All **ASIC** Chips Are Manufactured in China

The Chinese control the output of **hardware**. If they suddenly stopped producing miners it would take a long time to grow the network back to over 1 Exahash. Without the growth of hashing power, the network becomes more vulnerable to consolidated operations of large hashing power.



Bitcoin More Likely to Hit \$100 Than \$100,000 in a Decade: Ex-IMF Economist

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Whatever the outcome of the design phase, the implications to Bitcoin are going to be drastic and irreversible. Unless Americans and Europeans can pick up the slack and reverse the Chinese mining dominance, the future may be dark for bitcoin.

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David McGlaufflin

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Starting in Bitcoin in 2010 Dave has experimented with every aspect of Cryptocurrencies. From mining to development Dave brings an insight to CCN that is unique and diverse.

